



TO: NCUA Board

DATE: January 14, 2022

FROM: Office of General Counsel

SUBJ: Proposed rule: Succession Planning

ACTION REQUESTED: NCUA Board approval to issue the attached proposed rule.

DATE ACTION REQUESTED: January 27, 2022

OTHER OFFICES CONSULTED: The Offices of Credit Union Resources and Expansion (CURE), Examination and Insurance (E&I), and National Examinations and Supervision (ONES).

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Ariel Pereira, Senior Staff Attorney, Office of General Counsel.

SUMMARY: Through this proposed rule, the NCUA Board (Board) would require that Federal Credit Union (FCU) boards of directors establish and adhere to processes for succession planning. The succession plan will help to ensure that the credit union has plans to fill key positions, such as officers of the board, management officials, executive committee members, supervisory committee members, and (where provided for in the bylaws) the members of the credit committee to provide continuity of operations. In addition, the proposed rule would require directors to be knowledgeable about the FCU's succession plan. Although the proposed rule would apply only to FCUs, the Board's purpose is to encourage and strengthen succession planning for all credit unions. The proposed rule would provide FCUs with broad discretion in implementing the proposed regulatory requirements to minimize any burden.

RECOMMENDED ACTION: The NCUA Board approve the attached proposed rule for publication in the *Federal Register* for 60 days of public comment.

ATTACHMENT: Proposed rule.